

Final Agenda Retail Electricity Price Forecast: Preliminary Results

**2007 Integrated Energy Policy Report
Committee Workshop**

July 2, 2007

**California Energy Commission
1516 Ninth Street, Hearing Room A
Sacramento, California 95814**

**Phone Line for Call In:
1 (800) 857-6618 at or after 9 a.m.
Passcode: IEPR Call Leader: Lorraine White**

- 9 a.m. Introduction and Opening Remarks – Mignon Marks**
- Jackalyne Pfannenstiel, Chairman, Presiding Member
 - John L. Geesman, Commissioner, Associate Member
- 9:10 a.m. Preliminary Retail Electricity Price Forecast**
- Investor-Owned Utilities: Electricity Analysis Office staff
 - Publicly-Owned Utilities: Greg Broeking, RW Beck
- 9:50 a.m. Opportunity for Public Comments and Questions**
- 10:10 a.m. The Importance of Providing Consumers with Robust Retail Electricity Price Forecasts**
- Carl Pechman, Ph.D., President of Power Economics
- 10:30 a.m. Break**
- 10:45 a.m. Electricity Price Sensitivity to Natural Gas Prices**
- Robert Logan, Ph. D.
- 11 a.m. Panel Discussion: Key Factors Likely to Affect Future Retail Electricity Prices**
- Bob Hansen, SDG&E; Doug Snow, SCE
 - Nick Zettel, City of Redding; Mike Pretto, Silicon Valley Power
 - Ken Mellor, RW Beck, Moderator
- 11:50 a.m. Opportunity for Public Comments and Questions**
- Adjourn**

Panel Discussion Questions
Key Factors Likely to Affect Future Retail Electricity Prices

1. Natural Gas

How are you forecasting natural gas costs for electricity price forecasts and how are you integrating that cost information into your price projections? Of particular interest is your impression of the relative importance of gas costs in your electricity price projection.

2. Renewable Resources and other Regulatory Requirements

What assumptions are you making for the percentages, mix, and ability to schedule renewable resources in your generation portfolio and what premiums (if any) are you placing on the cost of those resources, including the cost of capacity backup, greenhouse gas regulations, and other expected regulatory changes, where required? What effect will this have on your retail price forecasts?

3. Advanced Metering and Distribution

Is the evolution of advanced metering and distribution impacting your estimates of the cost of distribution and customer care? To what extent?

4. Generation Capacity Costs

How are you addressing the costs of building or acquiring capacity to meet resource adequacy requirements/goals? Any discussion of plant retirements and transmission costs would be helpful.

5. Demand & Efficiency

The questions above address the cost side of the projections and how that relates to electricity prices. What do you consider when making your retail price forecasts when changes in load growth and demand management are factored in? Also, how do you account for energy efficiency mandates and retail pricing to achieve better demand management?